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## *Attorneys for Debtors and Reorganized Debtors*

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN FRANCISCO DIVISION

In re:

## PG&E CORPORATION,

- and -

## PACIFIC GAS AND ELECTRIC COMPANY,

## Debtors.

- Affects PG&E Corporation
- Affects Pacific Gas and Electric Company
- Affects both Debtors

\* All papers shall be filed in the Lead Case, No. 19-30088 (DM).

Bankruptcy Case No. 19-30088 (DM)

Chapter 11

(Lead Case) (Jointly Administered)

**REORGANIZED DEBTORS' TWENTY-SEVENTH SECURITIES CLAIMS OMNIBUS OBJECTION (VOLUNTARY RELEASE AND SECURITIES ADR NO LIABILITY CLAIMS)**

**Response Deadline: November 21, 2023, 4:00 p.m. (PT)**

### **Hearing Information If Timely Response Made:**

Date: December 5, 2023, 10:00 a.m. (PT)

Place: (Tele/Videoconference Appearance)  
United States Bankruptcy Court  
Courtroom 17, 16th Floor  
San Francisco, CA 94102

1 TO: (A) THE HONORABLE DENNIS MONTALI, UNITED STATES BANKRUPTCY  
2 JUDGE; (B) THE OFFICE OF THE UNITED STATES TRUSTEE; (C) THE AFFECTED  
2 CLAIMANTS; AND (D) OTHER PARTIES ENTITLED TO NOTICE:

3 PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the “**Utility**”), as  
4 debtors and reorganized debtors (collectively, the “**Debtors**” or the “**Reorganized Debtors**”) in the  
5 above-captioned chapter 11 cases (the “**Chapter 11 Cases**”), hereby submit this *Twenty-Seventh*  
6 *Securities Claims Omnibus Objection (Voluntary Release And Securities ADR No Liability Claims)* (the  
7 “**Objection**”) based on two independent grounds with respect to each of the proofs of claim identified  
8 in **Exhibit 1** annexed hereto (the “**Released and No Liability Claims**”): (1) each of the securities  
9 claimants listed in **Exhibit 1** (the “**Claimants**”) voluntarily released their Securities Claims by voting to  
10 opt into the release in the *Debtors’ and Shareholder Proponents’ Joint Chapter 11 Plan of*  
11 *Reorganization Dated June 19, 2020* (together with any exhibits or schedules thereto, the “**Plan**”), as  
12 confirmed by the Court’s June 20, 2020 Order (the “**Confirmation Order**”) [Dkt. No. 8053]; and (2)  
13 each of the Claimants have failed to respond to settlement offers pursuant to the Court’s ADR Procedures  
14 Order (as defined below). Contemporaneously herewith, the Reorganized Debtors submit the  
15 Declarations of Robb McWilliams and Craig E. Johnson, each dated October 24, 2023, in support of the  
16 Objection (the “**McWilliams Declaration**” and “**Johnson Declaration**,” respectively).

17 As part of the voting on the Plan, holders of claims<sup>1</sup> and/or interests<sup>2</sup> in PG&E had the  
18 opportunity to separately vote on accepting or rejecting the Plan as well as whether to voluntarily opt  
19 into the release provisions of the Plan. The Plan expressly provides in Section 1.180 (the definition of  
20 “Releasing Parties”) that the holders of “a Claim or Interest that is solicited and voluntarily indicates on

22 <sup>1</sup> Section 1.25 of the Plan defines “Claim” to have the same meaning set forth in Section 101(5) of the  
23 Bankruptcy Code.

24 <sup>2</sup> Section 1.130 of the Plan defines “Interest” to mean “(a) any equity security (as defined in section  
25 101(16) of the Bankruptcy Code) of a Debtor, including all units, shares, common stock, preferred  
26 stock, partnership interests, or other instrument evidencing any fixed or contingent ownership interest  
27 in any Debtor, including any option, warrant, or other right, contractual or otherwise, to acquire any  
such interest in a Debtor, whether or not transferable and whether fully vested or vesting in the future,  
that existed immediately before the Effective Date and (b) any Claim against any Debtor subject to  
subordination pursuant to section 510(b) of the Bankruptcy Code arising from or related to any of the  
foregoing.”

1 a duly completed Ballot submitted on or before the Voting Deadline that such holder opts into granting  
2 the releases set forth in Section 10.9(b) of the Plan to the extent permitted by applicable law,” are  
3 Releasing Parties under the Plan. The release set forth in Section 10.9(b) of the Plan and Paragraph 56  
4 of the Confirmation Order (the “**Plan Release**”) then expressly provides that these parties release the  
5 Debtors and Reorganized Debtors from “any and all claims . . . based on or relating to . . . the purchase,  
6 sale or rescission of the purchase or sale of any security of the Debtors . . . .” Each of the Claimants  
7 voluntarily completed a ballot in connection with the vote on the Plan and elected to opt into Section  
8 10.9(b) of the Plan. *See* Johnson Declaration at ¶ 8. Thus, the Released and No Liability Claims have  
9 been expressly released under the Plan.

10 In addition, the Released and No Liability Claims should be independently expunged and  
11 disallowed on the ground that the Claimants have failed to respond to settlement offers made pursuant  
12 to the Court’s January 25, 2021 *Order Approving Securities ADR And Related Procedures For Resolving*  
13 *Subordinated Securities Claims* [Dkt. No. 10015] (the “**Securities ADR Procedures Order**”)  
14 notwithstanding multiple efforts by the Reorganized Debtors and their advisors to notify the Claimants  
15 of the offers and to encourage them to respond as contemplated by the procedures approved by the Court.  
16 The Objection provides another, and final, opportunity for Claimants to accept the offers made by the  
17 Reorganized Debtors: for any claimant who accepts an outstanding offer prior to a court order  
18 disallowing and expunging their proof of claim, the Reorganized Debtors will withdraw the Objection  
19 as to their claim.<sup>3</sup> Regarding the failure to respond to settlement offers, the Court has twice granted  
20 nearly identical relief with respect to securities claims. *See Order Disallowing And Expunging Proofs*  
21 *Of Claim Pursuant To Reorganized Debtors’ Twenty-Second Securities Claims Omnibus Objection*  
22 *(Securities ADR No Liability Claims)* [Dkt. No. 13981]; *Order Disallowing And Expunging Proofs Of*  
23 *Claim Pursuant To Reorganized Debtors’ Twenty-Sixth Securities Claims Omnibus Objection*

25 <sup>3</sup> Even though the Objection seeks disallowance on the separate and independent ground of release, if a  
26 Claimant accepts the outstanding offer, the Reorganized Debtors will withdraw the entire Objection as  
27 to that claim or those claims. However, if a Claimant responds to the offer, but does not accept it, the  
Reorganized Debtors will withdraw the Objection based on failure to respond to the offer, but will  
continue to press the grounds of release.

1 (*Securities ADR No Liability Claims*) [Dkt. No. 14080]. The Court has also on multiple occasions  
2 granted the same relief with respect to the general unsecured claims. *See* Dkt. Nos. 10864, 11321, 11431,  
3 12652.

4 Accordingly, all Released and No Liability Claims should be expunged and disallowed, as  
5 requested herein.

6 **I. JURISDICTION**

7 This Court has jurisdiction over the Objection under 28 U.S.C. §§ 157 and 1334; the *Order*  
8 *Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D. Cal.); and  
9 Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern  
10 District of California (the “**Bankruptcy Local Rules**”). This matter is a core proceeding pursuant to  
11 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The  
12 statutory predicates for the relief requested are section 502 of title 11 of the United States Code (the  
13 “**Bankruptcy Code**”) and Rules 3003 and 3007 of the Federal Rules of Bankruptcy Procedure  
14 (collectively, the “**Bankruptcy Rules**”).

15 **II. BACKGROUND**

16 On January 29, 2019 (the “**Petition Date**”), the Debtors commenced with the Court voluntary  
17 cases under chapter 11 of the Bankruptcy Code. On July 1, 2019, the Court entered an order setting a  
18 bar date to file proofs of claim. *See Order Pursuant to 11 U.S.C. §§ 502(b)(9) and 105(a), Fed. R.*  
19 *Bankr. P. 2002, 3003(c)(3), 5005, and 9007, and L.B.R. 3003-1 (I) Establishing Deadline for Filing*  
20 *Proofs of Claim, (II) Establishing the Form and Manner of Notice Thereof, and (III) Approving*  
21 *Procedures for Providing Notice of Bar Date and Other Information to All Creditors and Potential*  
22 *Creditors* [Docket No. 2806] (the “**Bar Date Order**”). The Bar Date Order set October 21, 2019 at  
23 5:00 p.m. Pacific Time (the “**Initial Bar Date**”) as the deadline to file all proofs of claim (each, a “**Proof**  
24 **of Claim**”) with respect to any prepetition claim (as defined in section 101(5) of the Bankruptcy Code).

25 On February 27, 2020, the Court entered an order extending the Initial Bar Date to April 16, 2020  
26 solely with respect to certain claimants (their claims, the “**Securities Claims**”) who the Court determined  
27 were “known creditors” that purchased or acquired certain of the Debtors’ publicly held debt and equity  
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1 securities during the period from April 29, 2015 through November 15, 2018, inclusive, and who  
2 believed they may have claims against the Debtors under the securities laws for rescission or damages  
3 arising out of their trading in those securities. *See* Dkt No. 5943.

4 The Court approved, among other things, by Order dated March 17, 2020, comprehensive voting  
5 and Plan solicitation procedures. *See Debtors' Plan Solicitation And Voting Procedures [And] ... Forms*  
6 *Of Ballots, Solicitation Packages, And Related Notices* [Dkt. No. 6340] (the “**Plan Solicitation Order**”).  
7 Specifically, the Plan Solicitation Order approved the procedures for soliciting and tabulating votes, the  
8 form of the ballots, and confirmed that “all voting procedures provided therein, . . . comply with the  
9 requirements of Bankruptcy Rule 3017(d) . . . .” The Plan Solicitation Order required Debtors to  
10 distribute to all claimants who held “Claims and Interests in the Voting Classes,” solicitation packages  
11 containing “i. [a] copy of th[e March 17, 2020] Order; ii. [t]he Confirmation Hearing Notice; iii. [t]he  
12 Disclosure Statement (with the Plan annexed thereto); and iv. [a]n appropriate form of Ballot(s) with  
13 respect to the Plan and appropriate return envelope with prepaid postage.” Debtors’ solicitation agent  
14 distributed copies of the solicitation packages, including applicable ballots, to claimants who held claims  
15 and interests in the voting classes. *See* Johnson Declaration at ¶ 5. The ballot process commenced on  
16 March 30, 2020, and was substantially completed on or about April 8, 2020. *See id.* The solicitation  
17 packages included ballots titled “Optional Release Election” (the “**Optional Release Election Ballot**”).  
18 The Optional Release Election Ballot offered claimants the opportunity to opt into the releases contained  
19 in Section 10.9(b) of the Plan. *Id.* at ¶ 6. The solicitation agent then validated and tabulated the Optional  
20 Release Election Ballots returned by claimants pursuant to the vote tabulation procedures. *See*  
21 *Declaration Of Christina Pullo Of Prime Clerk LLC Regarding Solicitation Of Votes And Tabulation Of*  
22 *Ballots Cast With Respect To the Debtors' And Shareholder Proponents' Joint Chapter 11 Plan Of*  
23 *Reorganization* [Dkt. No. 7507].

24 By Order dated June 20, 2020 [Dkt. No. 8053] (the “**Confirmation Order**”), the Court confirmed  
25 the *Debtors' and Shareholder Proponents' Joint Chapter 11 Plan of Reorganization Dated June 19,*  
26 2020 (as may be further modified, amended or supplemented from time to time, and together with any  
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1 exhibits or scheduled thereto, the “**Plan**”). The Effective Date of the Plan occurred on July 1, 2020 (the  
2 “**Effective Date**”). *See* Dkt. No. 8252.

3 **III. RELIEF REQUESTED**

4 The Reorganized Debtors file the Objection, pursuant to section 502 of the Bankruptcy Code,  
5 Bankruptcy Rule 3007, and Bankruptcy Local Rule 3007-1, and the Securities ADR Procedures Order,  
6 seeking entry of an order disallowing and/or expunging the proofs of claims identified in the column  
7 headed “Claim(s) to be Disallowed and Expunged” on **Exhibit 1** annexed hereto.

8 **IV. ARGUMENT**

9 Bankruptcy Rule 3007(d) and the Securities Omnibus Objection Procedures govern omnibus  
10 objections to Securities Claims in these Chapter 11 Cases. *See* Securities ADR Procedures Order, Ex. A-  
11 3 ¶ I.C (incorporating Bankruptcy Rule 3007(d)). Pursuant to Paragraph I.C.4 of the Securities Omnibus  
12 Objection Procedures (as well as Bankruptcy Rule 3007(d)), objections to more than one claim may be  
13 joined if the objections are based on the grounds that the claims should be disallowed on some common  
14 basis under applicable bankruptcy or non-bankruptcy law. Pursuant to Paragraph I.B of the Securities  
15 Omnibus Objection Procedures, the Reorganized Debtors may object to up to 250 Securities Claims per  
16 Omnibus Objection.

17 The Objection sets forth two independent and individually sufficient bases for expunging and/or  
18 disallowing the Released and No Liability Claims: first, Claimants who opted into the releases set forth  
19 in Section 10.9(b) of the Plan are “Releasing Parties” under the Plan and ¶ 56 of the Confirmation Order,  
20 and therefore released their Securities Claims under the plain language of the Plan release; second,  
21 Claimants, despite receiving notice on multiple occasions from the Reorganized Debtors, have failed to  
22 engage in the offer and settlement process approved by the Court and set forth in the Securities ADR  
23 Procedures Order.

24 **A. Claimants Released Their Securities Claims**

25 The Claimants all voluntarily indicated on a duly completed ballot, submitted on or before the  
26 Voting Deadline, that they were opting into the releases in Section 10.9(b) of the Plan. *See* Johnson  
27 Declaration at ¶ 8. Section 1.180 of the Plan defines the term “Releasing Parties” to include “(c) any  
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1 holder of a Claim or Interest that is solicited and voluntarily indicates on a duly completed Ballot  
2 submitted on or before the Voting Deadline that such holder opts into granting the releases set forth in  
3 Section 10.9(b) of the Plan to the extent permitted by applicable law.” Thus, all the Claimants are  
4 “Releasing Parties” under the Plan.

5 Releasing Parties released the Reorganized Debtors under the Plan. *See* Section 1.179 of the  
6 Plan (defining “Released Parties” as, among others, “the Debtors and Reorganized Debtors”). Pursuant  
7 to Section 10.9(b) of the Plan and ¶ 56 of the Confirmation Order:

8 **“the Released Parties, are deemed forever released and discharged, to the**  
9 **maximum extent permitted by law and unless barred by law, by the Releasing**  
10 **Parties from any and all claims, interests, obligations, suits, judgments,**  
11 **damages, demands, debts, rights, Causes of Action, losses, remedies, and liabilities**  
12 **whatsoever, including any derivative claims, asserted or assertable on behalf of**  
13 **the Debtors, and any claims for breach of any fiduciary duty (or any similar duty),**  
14 **whether known or unknown, foreseen or unforeseen, existing or hereinafter**  
15 **arising, in law, equity, or otherwise, that such holders or their affiliates (to the**  
16 **extent such affiliates can be bound) would have been legally entitled to assert in**  
17 **their own right (whether individually or collectively) or on behalf of the holder of**  
18 **any Claim or Interest or other Entity, based on or relating to, or in any manner**  
19 **arising from, in whole or in part, the Debtors, the Fires, the Chapter 11 Cases, the**  
20 **purchase, sale, or rescission of the purchase or sale of any Security of the**  
21 **Debtors or the Reorganized Debtors, the subject matter of, or the transactions**  
22 **or events giving rise to, any Claim or Interest that is treated in the Plan . . .”**

23 (emphasis added). The Plan Release states that the Reorganized Debtors and Debtors are released “by  
24 the Releasing Parties from any and all claims, interests, obligations, suits, judgments, damages, demands,  
25 debts, rights, Causes of Action, losses, remedies, and liabilities whatsoever . . . based on or relating to,  
26 or in any manner arising from . . . the purchase, sale, or rescission of the purchase or sale of any Security  
27 of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or events giving rise  
28 to, any Claim or Interest that is treated in the Plan.” Indeed, as this Court has previously found, Section  
10.9(b) does not have any “limitation on the extent and breadth of what has been released.” *In re PG&E*  
Corp., No. 19-30088, 2020 WL 9211213, at \*3 (Bankr. N.D. Cal. Oct. 22, 2020). As such, stated above,  
the Released and No Liability Claims plainly fall within the broad purview of the release under the Plan  
and Confirmation Order.

1       The Claimants, identified in **Exhibit 1**, have released their claims against the Debtors and  
2 Reorganized Debtors and the Court should disallow and expunge the claims that are subject to the  
3 Objection.

4       **B.      Claimants Have Failed to Comply With the Securities ADR Procedures Order**

5       Though the above basis for the Objection is sufficient for the Court to expunge the Released and  
6 No Liability Claims, there is an alternative and independently sufficient basis for the Court to expunge  
7 the claims. Under Section IV.E of the Securities ADR Procedures Order, the Bankruptcy Court may  
8 “disallow and expunge” securities claims for failure to comply with the Securities ADR Procedures  
9 Order. The Claimants have failed to respond to offers to settle made by the Reorganized Debtors pursuant  
10 to the Securities ADR Procedures.

11       Specifically, the Claimants have failed to comply with Section II of the Securities ADR  
12 Procedures Order (the “**Offer Procedures**”) by not responding to settlement offers, despite multiple  
13 follow-up attempts by the Reorganized Debtors. The Reorganized Debtors sent each Claimant an “Offer  
14 Notice”, including a settlement offer, pursuant to the Offer Procedures, and specifically the Securities  
15 ADR Procedures at Section II.A. The Offer Notice provided each Claimant with detailed instructions on  
16 how to respond to the settlement offer, including through the Securities Claims Settlement Portal, by  
17 email, or by mail. The Offer Notice also instructed each Claimant that the Securities ADR Procedures  
18 Order requires the Claimant to accept or reject the settlement offer, or make a counteroffer, by the  
19 Settlement Response Deadline, which is “no later than thirty-five (35) days after the mailing of the Offer  
20 Notice.” *Id.* After the settlement offers were issued, if a Claimant set forth a valid telephone number in  
21 their proof of claim, AlixPartners attempted reminder calls to each such Claimant to notify them of the  
22 settlement offer.

23       Where a Claimant failed to respond to the Settlement Offer by the Settlement Response Deadline,  
24 if the Claimant listed a valid email on their proof or proofs of claim, AlixPartners sent such Claimant an  
25 offer reminder (the “**Offer Notice Reminder**”) by email. AlixPartners sent, to 18 of the 21 Claimants,  
26 at least two email reminders notifying those Claimants of the pendency of their settlement offers.  
27 AlixPartners made follow-up phone calls to 15 of the Claimants, including the three who did not receive  
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1 email reminders, to notify those Claimants of the pendency of their settlement offers.<sup>4</sup> In addition,  
2 AlixPartners sent a hardcopy mailing to 12 Claimants notifying them of the pendency of their settlement  
3 offers.<sup>5</sup> These reminder communications provided each Claimant with detailed instructions on how to  
4 respond to the settlement offer, including through the Securities Claims Settlement Portal, by email, or  
5 by mail. These reminder communications also notified each Claimant that the Securities ADR  
6 Procedures Order requires the Claimant to accept or reject the settlement offer, or make a counteroffer  
7 to the settlement offer.

8 The Reorganized Debtors did not receive an acceptance, rejection, or counteroffer, by the  
9 Settlement Response Deadline, nor have they received any acceptance, rejection, or counteroffer up until  
10 the date of the filing of this Objection, with respect to any of the Released and No Liability Claims. The  
11 Reorganized Debtors have provided ample opportunity for these Claimants to respond to settlement  
12 offers. The Reorganized Debtors thus request that, on this basis alone, the Released and No Liability  
13 Claims be disallowed and expunged. As noted above, the Court has previously disallowed and expunged  
14 claims on this precise basis (*see* Dkt Nos. 13981, 14080) and on numerous instances under the General  
15 ADR Procedures (*see* Dkt Nos. 10864, 11321, 11431, 12652) and should do so here as well. Should any  
16 Claimant come forth in response to this Objection by accepting the offer by the Reorganized Debtors,  
17 the Reorganized Debtors will withdraw the entire Objection as to that Claim.<sup>6</sup>

18  
19  
20 <sup>4</sup> The six Claimants who did not receive a follow-up call from AlixPartners, received at least four  
21 reminders emails. Three of these Claimants also received hardcopy mailings of their settlement offers.

22 <sup>5</sup> Nine Claimants did not receive a hardcopy mailing because their offers were already at least one year  
23 old and AlixPartners had already provided these Claimants multiple reminders of the pendency of their  
Settlement Offers.

24 <sup>6</sup> In accordance with Paragraph I.E of the Securities Omnibus Objection Procedures, **Exhibit 1** hereto  
25 provides the following information: (i) an alphabetized list of the Claimants whose Released and No  
Liability Claims are subject to this Objection; (ii) the claim numbers of the Released and No Liability  
26 Claims that are the subject of this Objection; (iii) the amount of the claim asserted in each Released  
and No Liability Claim, or a statement that the Released and No Liability Claim seeks an unliquidated  
27 amount; and (iv) the grounds for this Objection. The Reorganized Debtors will provide notice to the  
Claimants, the form of which satisfies the requirements set forth in Paragraph I.F of the Securities  
Omnibus Objection Procedures.

## **V. RESERVATION OF RIGHTS**

The Reorganized Debtors hereby reserve the right to object, as applicable, in the future to any of the Released and No Liability Claims listed in the Objection on any ground not previously ruled upon, and to amend, modify, or supplement this Objection to the extent an objection to a claim is not granted, and to file other objections to any proofs of claim filed in these cases, including, without limitation, objections as to the amounts asserted therein, or any other claims (filed or not) against the Reorganized Debtors, regardless of whether such claims are subject to this Objection. A separate notice and hearing will be scheduled for any such objections. Should the grounds of objection specified herein be overruled, wholly or in part, the Reorganized Debtors reserve the right to object to the Released and No Liability Claims on any other grounds. *See* Securities ADR Procedures Order, Ex. A-3 ¶ I.J.

## VI. NOTICE

Notice of this Objection will be provided to (i) the Claimants; (ii) the Office of the U.S. Trustee for Region 17 (Attn: James L. Snyder, Esq. and Cameron M. Gulden, Esq.); (iii) all counsel and parties receiving electronic notice through the Court's electronic case filing system; and (iv) those persons who have formally appeared in these Chapter 11 Cases and requested service pursuant to Bankruptcy Rule 2002

The Reorganized Debtors respectfully submit that no further notice is required. No previous request for the relief sought herein has been made by the Reorganized Debtors to this or any other Court.

WHEREFORE the Reorganized Debtors respectfully request entry of an order (i) disallowing and expunging the Released and No Liability Claims listed on Exhibit 1 hereto, and (ii) granting such other and further relief as the Court may deem just and appropriate.

Dated: October 24, 2023

**WEIL, GOTSHAL & MANGES LLP  
KELLER BENVENUTTI KIM LLP**

By: /s/ Richard W. Slack

## *Attorneys for Debtors and Reorganized Debtors*